

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF STATE**

**APPLICATION OF NUSTAR LOGISTICS, L.P.
FOR A PRESIDENTIAL PERMIT AUTHORIZING THE CONSTRUCTION,
CONNECTION, OPERATION, AND MAINTENANCE OF PIPELINE FACILITIES
FOR THE EXPORTATION AND IMPORTATION OF PETROLEUM PRODUCTS TO
BE LOCATED AT THE
UNITED STATES-MEXICO BORDER**

Pursuant to Executive Order 11423, August 16, 1968, 33 Fed. Reg. 11741 (August 20, 1968), as amended, and Executive Order 13337, April 30, 2004, 69 Fed. Reg. 25299 (May 5, 2004), NuStar Logistics, L.P. (“NuStar”) submits this application to the United States Department of State (“Department”) for a Presidential Permit authorizing the construction, connection, operation, and maintenance of pipeline facilities for the exportation and importation of Petroleum Products, including liquefied petroleum gas (“LPG”) and natural gas liquids (“NGLs”)¹. If the application is approved, the proposed facilities will transport Petroleum Products across the border to and from the NuStar terminal near Edinburg, Texas, crossing under the Rio Grande River, to and from the Petroleos Mexicanos (“PEMEX”) Burgos Gas Plant near Reynosa, Tamaulipas, Mexico. The project will serve the national interest of the United States by providing for the secure and reliable transportation of Petroleum Products by pipeline to and from Mexico.

I. BACKGROUND

A. DESCRIPTION AND CONSTRUCTION OF PIPELINE

¹ The term “Petroleum Products,” as used herein, means any petroleum product which by American Society for Testing Materials test methods, substantially distills below seven hundred (700) degrees Fahrenheit, has a Reid vapor pressure not exceeding two hundred and twenty (220) pounds per square inch absolute at one hundred (100) degrees Fahrenheit and a color not darker than No. 3 and includes liquefied petroleum gas (“LPG”), natural gas liquids (“NGLs”), diesel, gasoline, jet fuel and similar petroleum products. However, the term “Petroleum Products” specifically excludes petroleum products legally prohibited from being, as applicable, exported or imported by statute or regulation.

1. The Existing Cross-Border Burgos Pipeline

The existing Burgos Pipeline (“Existing Burgos Pipeline”) is an 8” pipeline crossing the United States and Mexico border that connects the PEMEX Burgos Gas Plant near Reynosa, Tamaulipas, Mexico and the NuStar terminal near Edinburg, Texas. It is API Spec 5L (American Petroleum Institute Specification for Steel Line Pipe) pipe. Maximum throughput based on a 12 ft/s design standard for 8” pipe is 64,000 barrels per day (BPD). The pipeline on the United States side of the border is approximately 34 miles long, running from a location on the Rio Grande River southeast of Peñitas, Texas to the NuStar terminal approximately 6 miles north of downtown Edinburg, Texas. The first mainline shut off valve on the United States side closest to the Rio Grande River crossing is approximately 8,450 feet (1.6 miles) from the center line of the Rio Grande River. The connection crosses under the Rio Grande River. The Mexican portion consists of approximately 12.5 miles of pipeline, south of the Rio Grande River crossing, terminating at the PEMEX Burgos Gas Plant, near Reynosa, Tamaulipas, Mexico.

2. The New Cross-Border Burgos Pipeline

The new Burgos pipeline (“New Burgos Pipeline”), the subject of this application, will be parallel to the Existing Burgos Pipeline. It will be API Spec 5L (American Petroleum Institute Specification for Steel Line Pipe) pipe. Maximum throughput based on a 12 ft/s design standard for 10” pipe is 108,000 BPD. The United States portion will consist of approximately 34 miles of new 10” pipeline running from a location on the Rio Grande River southeast of Peñitas, Texas to the NuStar terminal approximately 6 miles north of downtown Edinburg, Texas. There will be minor modifications within the Edinburg, Texas terminal including piping modifications (i.e. launchers/receivers, tie-ins), and a new meter and pump station.

The connection will cross under the Rio Grande River. The minimum depth of the Rio Grande River crossing will be approximately 30 feet below the river bottom. The first mainline

shut off valve on the United States side closest to the Rio Grande River crossing will be approximately 8,450 feet (1.6 miles) from the center line of the Rio Grande River. The Mexican portion will consist of approximately 12.5 miles of new pipeline, south of the Rio Grande River crossing, terminating at the PEMEX Burgos Gas Plant near Reynosa, Tamaulipas, Mexico.

II. IDENTIFYING INFORMATION

Communications regarding this notification should be addressed to:

Michael P. Dillinger, Esq.
Senior Counsel
NuStar Logistics, L.P.
19003 IH-10 West
San Antonio, TX 78257
(210) 918-2091
Mike.Dillinger@NuStarEnergy.com

Christopher J. Barr, Esq.
Matthew J. Agen, Esq.
Post & Schell, P.C.
607 14th Street, NW
Suite 600
Washington, DC 20005
(202) 661-6950
cbarr@postschell.com
matthewagen@postschell.com

NuStar Logistics, L.P. is a subsidiary of NuStar Energy L.P., a publicly traded master limited partnership based in San Antonio, Texas, is one of the largest independent liquids terminal and pipeline operators in the nation. NuStar currently has 8,643 miles of pipeline and 82 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids. The partnership's combined system has approximately 91 million barrels of storage capacity, and NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom.

NuStar is an experienced pipeline operator with substantial experience in transporting Petroleum Products. NuStar is qualified to operate the New Burgos Pipeline and transport Petroleum Products.

III. TYPE OF PRODUCTS TRANSPORTED

NuStar requests authorization to transport Petroleum Products, including LPGs and NGLs, as defined above.²

IV. THE PRESIDENTIAL PERMIT WILL SERVE THE NATIONAL INTEREST

The proposed Presidential Permit will serve the national interests of the United States and help increase trade between the United States and Mexico. There is currently a demand for Petroleum Products, including LPGs and NGLs, in the areas of Reynosa, Tamaulipas, Mexico and Monterrey, Nuevo León, Mexico. Imports from the United States are currently primarily supplied by vessels loaded at United States Gulf Coast refineries, off loaded at Brownsville or Harlingen, Texas and then transported by trucks through the border at Matamoros, Tamaulipas, Mexico or other crossing points. Specifically for LPGs, this demand is supplied by trucks being loaded from Matamoros, Mexico and supplemented by vessels loaded at Mt. Belvieu, Texas, off loaded at distant marine terminals in Mexico and ultimately transported by truck. In addition, the PEMEX Burgos Gas Plant, near Reynosa, Tamaulipas, Mexico can process Petroleum Products to produce LPGs and Naphtha.

The primary impacts of the New Burgos Pipeline would be to provide a more efficient means of transportation and additional capacity, and replace loads of truck transportation with pipeline transmission of LPGs, NGLs and other Petroleum Products. This would reduce air pollution resulting from emissions, eliminate a source of traffic congestion at border crossings, and by reducing the number of commercial truck crossings, also improve homeland security.

V. SIMILAR FACILITIES

Appended, as Attachment A, is a map that identifies similar facilities in the area and the owners of said facilities.

² See fn. 2, *supra*.

VI. MEXICAN APPROVALS AND OTHER U.S. APPROVALS

NuStar is required to receive other governmental approvals to construct, connect, operate, and maintain the proposed pipeline facilities, and to store and transport the types of products that would be transported under the requested Presidential Permit, including from the agencies listed below. NuStar is pursuing these approvals.

- Joint U.S. / Mexico
 - International Boundary and Water Commission and CILA
- United States / Federal
 - Army Corps of Engineers
- United States / Texas
 - Texas Department of Transportation
 - Hidalgo County Transportation District
 - Texas Railroad Commission
 - Texas Commission on Environmental Quality
 - Texas State Historic Preservation Officer
- Mexico
 - Comisión Nacional del Agua
 - Secretaría de Comunicaciones y Transportes
 - Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT)
 - Comisión Reguladora de Energía (CRE)

Additionally, if necessary, NuStar will amend its tariff with the applicable state or federal authorities.

VII. ENVIRONMENTAL AND HISTORIC PRESERVATION REVIEWS

The route of the proposed New Burgos Pipeline from the Edinburg terminal to the Rio Grande River would adjoin existing pipeline rights-of-way minimizing the amount of environmental impact. The routing has also been designed to avoid the populated areas of Hidalgo County. The minimum depth of the Rio Grande crossing will be directionally drilled at approximately 30 feet below the river bottom. There are no known areas that are eligible or for inclusion in the National Register of Historic Places and NuStar will coordinate with the State Historic Preservation Officer on the project. Hidalgo County is 90% Hispanic, with a per capita personal income that is 49% of the national average. Approval of NuStar's request will not result in any disproportionately high and adverse human health or environmental effects on minority populations or low-income populations in the United States. No known endangered or threatened species or critical habitat are in the pipeline area. NuStar understands this request will be reviewed under the National Environmental Policy Act.

VIII. CONCLUSION

For the reasons set forth above, NuStar Logistics, L.P. requests that the Department issue a Presidential Permit authorizing the construction, connection, operation, and maintenance of the New Burgos Pipeline facilities for the exportation and importation of Petroleum Products, including LPGs and NGLs.

Respectfully submitted,

Michael P. Dillinger, Esq.
Senior Counsel
NuStar Logistics, L.P.
19003 IH-10 West
San Antonio, TX 78257
(210) 918-2091
Mike.Dillinger@NuStarEnergy.com

Christopher J. Barr, Esq.

Matthew J. Agen, Esq.
Post & Schell, P.C.
607 14th Street, NW
Suite 600
Washington, DC 20005
(202) 661-6950
cbarr@postschell.com
matthewagen@postschell.com

Dated: